

looking ahead

... A monthly report by the National Planning Association on forward-looking policy planning and research—announced, underway, and completed—of importance to the nation's future

In This Issue—

URBAN REDEVELOPMENT

NATIONAL SCIENCE
FOUNDATION

ON ECONOMIC PROJECTIONS

U. S. GOVT. ORGANIZATION
for TECHNICAL COOPERATION

U. S. BUSINESS ABROAD

the people of NPA

Problems of Urban Redevelopment

by Beardsley Ruml

Chairman, NPA Business Committee

The following comments were prepared for the NPA Business Committee to indicate the scope and urgency of the problems of urban redevelopment and the importance of beginning a systematic attack on them.

THE INCREASING PRODUCTIVITY of the United States in the years ahead will find its expression in many ways. The magnitude of the increase, even in the next decade, is so great that no mere changes in detail will suffice to absorb the production that inheres in this productivity. Massive changes in the conditions and ways of life now become not only possible but in fact necessary.

It is therefore appropriate to observe the conspicuous inadequacies in contemporary arrangements and to give thought to plans that will correct what we know should be corrected. At the same time, we will welcome newly conceived betterments in the pattern of our culture, betterments that today we apprehend but dimly, or even not at all.

One of the most glaring obstructions to a better life for millions of our people is the obsolete design and structure of our cities. Already we are acutely aware that the conditions of our metropolitan schools, hospitals, transport and recreation facilities are intolerable. The response has been wholesale flight of urban population to the suburbs.

The flight from the cities as they are is not a flight from the city as such. True, there are many people who prefer the wider spaces and narrower contacts of rural and suburban existence. But the enduring high quality of metropolitan living is not thereby negated. The richness, the stimulus, the uncontrollable spontaneity, the anonymity, and the high attainments in all creative forms are the prerogatives of urban association. The city remains "la source" as it has been since time immemorial, and there are millions who derive from this spring the high and deep freedoms of which they are capable. Accordingly, the cities will not wither away; they will be rebuilt.

(continued on page 2)

Successful Management

"Today, management has to embody within its objectives a full consideration of their social effects. Included in this is the principle of operating a business that is sound and permanent; one that makes a definite contribution to the welfare and stability of the community; and one that does not bring unnecessary hazards to its owners, its management, and its staff.

"If this principle is applied, the approach cannot be one which measures actions or policies primarily in terms of self-interest. It is a mere matter of fact that, under the conditions of today, the completely selfish man cannot be a permanent success as a manager or make a permanent success of a business."

From an article by Joseph M. Dodge, Director and Chairman, The Detroit Bank, and Chairman of the Council on Foreign Economic Policy, on "Some Special Characteristics of Successful Management," in the April 1955 issue of Advanced Management



The rebuilding of our cities is, therefore, one of the grand projects for the years immediately ahead. Nor will the rebuilding be motivated by fear of atomic, germ, or cosmic warfare. The rebuilding of the cities will be to the end of bringing structure up to function—of giving the metropolitan impulse free rein to encompass for our times the notable and bewildering advances in science, technology, and the arts.

We know from many researches that we shall have an ample reservoir of productivity on which we can draw for a program of urban reconstruction. But what will this program be?

The character of our urban reconstruction will depend partly on inspired conception and design, partly on the detailed correction of situation after situation that can no longer be tolerated. The programs will be varied—creative and imitative. The emphasis will be here on one objective, there on another. But the total will have a national character for reasons which we would not change if we could.

Underlying the search for the desirable will always be considerations of the practical. Ac-

cordingly, efficiency and economy will be of paramount importance, not because efficiency and economy will make progress cheaper, desirable as this is. Efficiency and economy will make possible and defensible a more comprehensive and superior program.

One of the not so minor factors contributing to efficiency and economy is the character of the financial arrangements which are available for city rebuilding. Since much of this reconstruction program will be the capital investment of borrowed money, the cost of the money is a matter of prime importance. A difference of one percent on a bond issue of 30 years maturity means a difference of about one-third in cost. And there are few other channels through which so large a percentage can be gained or lost.

Efficiency and economy touch the program of urban rebuilding at every point. They are part of design and of execution. They reside in legislation, administration, and public supervision. Above all, efficiency and economy reside in sound planning and proper programming. ◀

Potentials of the American Economy

A NEW and comprehensive survey of the demands and needs, the resources and capacities of the American economy has been prepared by the Twentieth Century Fund. This study brings up to date and expands an earlier volume published by the Fund in 1947. The present survey focuses on the postwar boom, the long-range upsurge of the economy which this boom accentuated, and the significance of our expanding economy for the future well-being of the nation.

According to Adolf A. Berle, Jr., Chairman of the Fund's Board of Trustees, "The volume accomplishes two purposes. It gives the present position of American economic resources, production, and consumption. It establishes a basis of comparison with earlier figures and thus makes it possible to see with some clarity the extent of progress made. Actually, the progress has been enormous, and suggests (as some of us had felt) that the United States has not merely climbed to a new plateau, but is ascending heights whose upper limit is not yet measurable, and at an accelerated rate of speed."

Included in the 1,148-page survey are sections and appendices covering basic trends,

consumption requirements, capital requirements, government and foreign transactions, and resources and capacities.

("America's Needs and Resources: A New Survey." From: The Twentieth Century Fund, 330 W. 42 St., N.Y. 36. 1955. 1,148 pp. \$10)

Inventory of Federal Real Property

THE FIRST overall picture of the real property holdings of the Federal Government has been prepared by the General Services Administration for the Senate Appropriations Committee. The holdings include Federal land, structures and facilities, and buildings.

As of December 31, 1953, the original cost of Federal real property within the continental limits of the United States was estimated at \$30.2 billion. This figure does not include costs for the public domain, national parks and forests, certain historical sites, and trust properties.

The land area owned by the Federal Government totals 405.1 million acres or 21.3 percent of the total land area of the United States. (Senate Document No. 32. From: Senate Appropriations Committee, Wash. 25. 1955. 104 pp.)

The National Science Foundation

by Raymond H. Ewell

Assistant Director for Program Analysis, National Science Foundation

THE National Science Foundation was established by Congress in 1950 to promote the progress of science, advance the national health, prosperity, and welfare, and secure the national defense. Executive Order 10521, issued in March 1954, emphasized the Foundation's role of recommending to the President "policies for the Federal Government which will strengthen the national scientific effort and furnish guidance toward defining the responsibilities of the Federal Government in the conduct and support of scientific research."

To carry out these broad responsibilities, the Foundation has developed a number of programs and activities designed to stimulate and support basic scientific research, to promote education in science, and to explore some of the more pressing problems of national science policy. Scientific research and education are both advanced by the Foundation's program of grants to competent scientists for basic research in various fields, by the fellowship program for graduate and post-doctoral study, by support of scientific conferences and of attendance by American scientists at international scientific conferences, by activities to stimulate the exchange of scientific information, by experimental programs to improve the quality of undergraduate science instruction, and by maintenance of the National Register of Scientific and Technical Personnel.

The Foundation's role of participating in the formulation of national science policy is being gradually developed. The agency benefits from the views of the scientific community brought before it by various advisory committees and consultants. At the same time, the staff of the Foundation has undertaken exploration of a number of the key problems created by the vast expansion of scientific activity on the part of government, industry, and the universities and, in particular, by the relative increase in the Federal Government's science role. This expansion has been so recent that it has been necessary first to develop for the Foundation and others interested in these problems a fuller picture than has hitherto been available of the dimensions and general nature of scientific activity throughout the country.

For this purpose, the Foundation now has surveys under way which seek to ascertain the

types of scientific research activities undertaken by government, industry, and nonprofit institutions. Information is being gathered on the ways in which scientific manpower is used in these activities, the volume and direction of the flow of funds, the scientific fields involved, and the organizational patterns established for the conduct of these activities. Among the organizations being studied are the Federal Government, six state governments, industrial firms, trade associations, research institutes, universities, and philanthropic foundations. The states covered—Connecticut, New York, North Carolina, Wisconsin, California, and New Mexico—were selected with a view to including different regions and types of economic development.

Following a discipline approach, other studies supported by the Foundation are looking into the status and context of research, training, teaching, and publication in the various fields of science—among them, mathematics and its applications, physiology, psychology, and demography. To meet the long felt need for better historical background on the Government's science role in the past, a "History of Activities of the Federal Government in Science" is now being written under a grant from the Foundation.

Examining the sources and possible solutions of current problems arising from the Federal Government's present activities in science, a series of interviews are being conducted among a number of groups—industrial research officials; university administrators, research staff, and faculty; and officials of the Federal Government and the six state governments—to learn more about such matters as research goals and incentives, conflicts and gaps in programs, the adequacy of financial arrangements, and staffing problems.

INSIGHTS gained from these surveys and studies will aid the Foundation—acting either on its own behalf or together with other interested agencies—in formulating answers to such policy questions as: What has been the impact of Federal grants and contracts on the nature of university research programs, on the climate of university research, on university finances? Are there any aspects of the

Federal Government's present pattern of organization for scientific activity which need strengthening? What factors have contributed to successful Federal-state relationships in such fields of science as public health? What types of needs and criteria lead Federal agencies to finance scientific research and development at educational institutions? at industrial organizations? How can research needs—wherever felt—be identified and resources marshalled to meet them? What factors influence the level and composition of research expenditures by industry? What has been the economic impact of scientific research and development?

From time to time, publications based on Foundation studies are issued. These include "Federal Funds for Science," an annual factual analysis of funds made available by the Federal Government for scientific research and development, and reports of studies (conducted jointly with the Bureau of Labor Statistics) of manpower resources in the various fields of science. ◀

New Chief for Statistical Standards

Raymond T. Bowman, Chairman of the Department of Economics at the University of Pennsylvania has been appointed Assistant Director for Statistical Standards in the Bureau of the Budget. The Office of Statistical Standards works to coordinate and improve the statistical activities of Federal agencies. Dr. Bowman also has served with the War Production Board, the Office of Contract Settlement, and the Surplus Property Administration.

Aid to State and Local Finance

A PROPOSAL for expanding the market for state and local government securities was released by NPA's Business Committee on April 18. The Committee favors the establishment of diversified investment funds specializing in the sale of securities of state and local governments. To encourage the formation of these investment funds, the Committee endorses a recommendation for a change in present tax legislation which was made in the President's Economic Report of 1955. This change in Federal law would exempt from taxation, income paid out by a fund to holders of its securities, thus enabling investors to obtain full advantage from the tax exempt status of the securities in the fund's portfolio.

—the people of NPA—

Laird
Bell



FABIAN BACHRACH

NPA Trustee and Chairman of the NPA Policy Committee on Technical Cooperation, Laird Bell is a lawyer and businessman who takes an active part in education and public affairs. Mr. Bell, a member of the Chicago law firm, Bell, Boyd, Marshall & Lloyd since 1936, is a director of Weyerhaeuser Timber Company and several other corporations. He has been a member of the Board of Overseers of Harvard University where he was graduated in 1904. He has been a member of the Board of Trustees of the University of Chicago since 1929, and was Chairman of the Board from 1949 to 1953. In 1943 he received a University of Chicago Alumni Medal for "distinction in one's field and service to society." He is also Chairman of the Board of Carleton College. Mr. Bell was President of the Board of Education of Winnetka, Ill., his home, from 1919 to 1923. He is past President of the Commercial Club of Chicago, and of the Chicago Council on Foreign Relations; was Chairman of the National Navy Price Adjustment Board in 1944; and served in the Military Government in Germany in 1945. The Navy awarded him the D.C.S. and the Army, the Medal for Merit.

Smaller governmental units would profit most from this plan, according to the Committee. It would lower the costs of borrowing and thereby aid local communities in financing capital improvements. By pooling their securities, localities would have greater access to investors. If the recommended tax change is passed by the Congress, then investors purchasing tax exempt securities through a fund would gain the full benefit of tax free income, as well as the services of expert fund managers. ◀

On Economic Projections

IN ITS unanimous report of March 14, 1955, the Joint Committee on the Economic Report of the U.S. Congress states:

...while knowing the reluctance of the present Council of Economic Advisers to publishing its detailed economic projections in the Economic Report, we regret the failure of the report again this year to include a clear statement on the goals needed to meet the objectives of the Employment Act as prescribed by section 3(a) of the act.

A similar criticism of the Economic Report had been included in last year's unanimous Joint Committee Report. Thus, the Joint Committee—once with a Republican and once with a Democrat as Chairman—has twice unanimously deplored the fact that the Economic Report of the President failed to specify projected levels of economic activity believed necessary for the implementation of the Employment Act of 1946.

During the hearings on the President's Economic Report, a member of the Joint Committee queried Arthur F. Burns, Chairman of the Council of Economic Advisers, on the use of economic projections. Dr. Burns was asked whether the Council had developed any economic assumptions for 1955 and whether any levels or goals with respect to employment, production, and purchasing power had been worked out.

In reply, Dr. Burns explained his position concerning the use of economic projections. He said:

The Council could not very well function without making judgments, assumptions, and projections concerning the economic future. Much of this estimating has been expressed in formal, arithmetical terms for the year 1955. The results of these intricate labors have been made available to the agencies of the Government that are especially concerned with the development of the President's program.

Thus, the Chairman of the Council acknowledged that numerical projections, along with other materials, are indispensable tools for developing the President's economic program. He does not, however, believe that the Employment Act requires the inclusion of such numerical projections in the President's Economic Report. Dr. Burns maintains that it would actually be unwise to publish short-term

estimates. His reason is that numerical projections are subject to "statistical vagaries" and are often based on "arbitrary assumptions" which "can lead to such a wide range of results that the calculated goals cannot have great value for policy decisions."

It should be noted that the criticisms which Dr. Burns made of economic projections presumably relate only to projections covering a period of one or two years since the President's Economic Report itself does mention a longer range economic goal of \$500 billion in total production which should be attained over a ten-year period.

THE CHAIRMAN of the Joint Committee also asked each member of a panel of experts invited to the hearings about the function of projections in the implementation of the Employment Act. Most of the views expressed by the panel emphasized the usefulness of projections for appraising Government policies and for business planning.

Dexter M. Keezer, Director of the Department of Economics for McGraw-Hill Publishing Co. stated that: "...we have reason to believe that these long-range projections are influential in encouraging long-range planning of investment by business firms....I think it is also fair to add that the development of long-range plans produces a tendency to stick to what is planned."

A Consulting Economist for Chase National Bank, William F. Butler, told the Committee: "You need to know what the economy's potential is in order to understand where you are at any given time."

Similar views were expressed by Martin Gainsbrugh, Chief Economist of the National Industrial Conference Board:

The types of projections already worked out by the Committee—the short-range projections done for 1955, and as you contemplate for 1956 and the middle-range for the decade 1965—are very helpful in analyzing economic growth. I know of nothing that has been more influential in helping shape business confidence over the long run than the explorations that have gone on of market potential through the work of your committee...and of other economic research institutions.

ALTHOUGH RECOGNIZING the statistical difficulties in projections, the Joint Committee believes that they are necessary for an

overall appraisal of the Government's economic program. Consequently, the Committee requested its staff to prepare economic projections for 1955 under the assumption of an economic situation approximating "maximum" employment. The staff report of the Joint Committee depicts the development of production, income, consumption, and investment as it should take place if the expectations expressed in the President's Economic Report are to be fulfilled. ◀

Organization of U. S. Government For Technical Cooperation

THE FIRST REPORT of NPA's Policy Committee on Technical Cooperation points out the need for recognizing that public programs of technical cooperation are a "long-term basic element in the nation's foreign policy." (From: NPA, 50¢)

In order to strengthen and stabilize these programs, hampered by four administrative reorganizations in the last five years, the Committee proposes the establishment of a permanent agency of semiautonomous status in the State Department. This agency should have broad operating freedom, unitary direction, and wide delegation of authority to top field officials. Otherwise, the programs will be subject to the delays and inadequacies that characterized them between 1950 and 1953 when they were administered by the Technical Cooperation Administration within the State Department.

The report has received wide press coverage and considerable editorial comment.

Other recommendations which the Committee urges as a condition of returning the programs for administration by the State Department are:

Organization of the agency as a Government corporation to facilitate the grant of broad operating autonomy.

Separation of technical cooperation from programs for military assistance and defense support.

Removal of the present requirement for annual authorization of the program by Congress. A continuing authorization, of course, does not take away Congress' right to make annual appropriations as it deems necessary.

Adoption of these recommendations, the Committee feels, should end the "extraordinary instability" in the technical cooperation program that has marked its operation since

1950. Administered by a permanent, semi-autonomous agency within the State Department, the program should gain in prestige, adapt itself more easily to the different requirements of many host countries, and obtain broad support for a nationwide effort to assist the people and governments of the lesser developed countries.

SHORTLY AFTER the NPA Committee report was released, the President announced his plan for the reorganization of the technical cooperation program. As provided for in the Mutual Security Act of 1954, the Foreign Operations Administration, which currently administers the program, will be abolished and the program shifted to the State Department.

A semiautonomous unit, to be known as the International Cooperation Administration, will be set up in the State Department to administer the economic and technical operations of FOA. Certain military functions carried on by the Defense Department are excepted from the transfer to State. The director of the ICA will be directly responsible to the Secretary of State, whose authority is now extended to include "supervising authority over operations" as well as policy formation. How closely the Administration's proposals will resemble the NPA recommendations it is still too early to see. ◀

CIP Case Studies in Book Form

THE MAJOR FINDINGS of NPA's seven-year study of constructive labor-management relations in 30 representative firms throughout the United States have just been published by Harper and Brothers.

Included in the book are condensations of the series of detailed case studies which were previously available only in separate NPA pamphlets. Each case study provides objective information on the history of the particular union-management relations, on related environmental problems, and on the attitudes and policies as well as the procedures and methods of the company and union. Also included is the final report of NPA's Committee on the Causes of Industrial Peace, which evaluates the findings of the individual studies and details the Committee's views on the principles and policies which could be drawn upon by other companies.

("Causes of Industrial Peace under Collective Bargaining." From: Harper & Bros., 49 E. 33 St., N.Y. 16. 1955. 369 pp. \$4.75)

U. S. Business Performance Abroad The Story of Philamlife



Author of the Philamlife study, John Lindeman (seated at microphone facing camera), monitors questions of reporters in New York to President Magsaysay in Manila.

A LONG-DISTANCE radio-telephone press conference between Manila and New York City, believed to be the first of its kind ever held, marked the release of NPA's third case study in its series on U.S. Business Performance Abroad. This study covers the activities of the Philippine American Life Insurance Company of Manila (Philamlife).

A two-way international hookup permitted President Ramon Magsaysay of the Philippines at the press conference in Manila to address the press conference in New York City and to answer questions put to him by a distinguished panel of reporters. At the same time questions also were asked in Manila and answered in New York City.

President Magsaysay gave high praise to Philamlife's activity in the Philippines, citing it as "an outstanding example of American economic cooperation." The growing interest of Americans in Asia is welcomed by President Magsaysay. "I feel strongly," he said, "that the battle for democracy and freedom will be won or lost in this part of the world, and I feel just as strongly that the role of American economic enterprise can be the decisive factor in winning that battle."

WHAT HAS MADE Philamlife such a welcome member of the Philippine business community? General Carlos T. Romulo's transcribed telephone message to the New York press conference from the West Coast is significant in this regard. The Filipinos consider

Philamlife "as an exemplar of America's enlightened business policy," said General Romulo, because "it is operating with the welfare of the people in mind," and because "it has closely identified itself with the aspirations and ideals of the Filipinos."

The spokesman at the press conference for the American stockholders of Philamlife, William S. Youngman, Jr., President of C.V. Starr and Company, echoed this feeling. "Naturally," said Mr. Youngman, "as private investors we hope in the long run for reasonable rewards, but we realize that the only way to achieve this...is to follow the principle that what benefits the economy and people of the countries where we work will in the long run—and for that matter in the short run as well—benefit us also."

The company is known throughout the Philippines for its commercial-industrial buildings; and for its housing projects for middle-income families—a form of investment unique among insurance companies outside the United States. Its big housing project, the Quezon City development near Manila, will eventually have 600 units as well as its own shopping center, health clinic, community center, school, church, park, and playgrounds. The houses will be for sale at reasonable monthly payments over a period of 10 to 15 years, with almost no down payment.

NPA'S AIM in describing the foreign operations of selected companies in selected countries, said Charles J. Symington, Chairman of the Special Policy Committee responsible for the case studies, is twofold. The studies can serve as evidence to be used by foreign governments in preparing a welcome for American industry. They can also demonstrate to American investors that the "natural hazards of overseas investment are far outweighed by the good that can be done for everyone concerned."

(From: NPA. 1955. 91 pp. \$1-75¢ to NPA members.)

The NPA press conference at the Waldorf-Astoria



The Federal Budget and The National Economy

THE LATEST NPA planning pamphlet contains a staff report by Gerhard Colm covering the economic aspects of Federal budget policy. The report was used as background for the NPA Joint Statement, "The Need for Further Budget Reform," which is also included in the pamphlet.

The size and complexity of the present budget, says the report, reflect the size and complexity of government programs and ultimately of modern society. Consequently, budget operations profoundly affect the economy and are, in turn, affected by it. "Expenditures and taxes have become major factors influencing national income, production, and employment.... At the same time, general economic conditions affect both revenue yield from taxes and the actual or desirable level of government expenditures."

The report emphasizes the need for a modernized budget rule to guide budget policy and it attempts to develop such a rule. Two major conclusions are drawn. First, that the Federal budget "must be seen as one of the instruments of public policy" whose purpose, as far as the national economy is concerned, is to contribute "to the balanced growth of the economy"—that is, contribute to "sustained

reasonably full employment and avoidance of inflation and deflation." Second, that economic analysis, particularly longer range economic projections and budget outlooks, should be used more widely in formulating budget policy.

Economic projections might be included in the President's Economic Report and a budget outlook in the President's Budget Message. The Joint Committee on the Economic Report, proposes the NPA staff report, might then be given the task of examining the economic outlook and reporting to the Congress on expenditure, revenue, and debt programs insofar as they relate to economic growth and stability. The appropriations and finance committees of the Congress would retain their right to investigate and recommend current expenditure and revenue legislation.

(PP-90. From: NPA. 1955. 100 pp. \$1.50—one free copy to NPA members) ◀

NPA REPORTS, in addition to LOOKING AHEAD, are sent automatically to members of the Association. For information on membership, available publications and reports, write NPA Membership Department.

LOOKING AHEAD is published 10 times a year. Permission is granted to quote from or reprint specific articles, unless otherwise stipulated, provided credit is given to LOOKING AHEAD and the National Planning Association.

Editor: Eugene H. Bland
Editorial Consultant: Virginia D. Parker
Editorial Assistant for Looking Ahead: Diane Solares

NPA OFFICERS: *Chairman*, H. Christian Sonne; *Chairman, Executive Committee*, Wayne Chatfield Taylor; *Vice Chairmen*: M. H. Hedges, Frank Altschul, Clinton S. Golden, Donald R. Murphy, Beardsley Ruml; *Secretary*, Arnold S. Zander; *Treasurer*, Harry A. Bullis; *Counsel*, Charlton Ogburn; *Assistant Chairman and Executive Secretary*, John Miller.

*looking
ahead*

NATIONAL PLANNING ASSOCIATION

1606 New Hampshire Ave., N.W., Washington 9, D. C.
Telephone: Columbia 5-7685 Cable: NATPLAN

Vol. 3, No. 4



May 1955

Form 3547 Requested

A NONPROFIT, NONPOLITICAL ORGANIZATION, ESTABLISHED IN 1934, DEVOTED TO PLANNING BY AMERICANS IN AGRICULTURE, BUSINESS, LABOR, AND THE PROFESSIONS

Non Profit Org.
U. S. POSTAGE

Paid

Washington, D. C.
Permit No. 1819

